

Performance Bond Requirement

Pursuant to the provisions of Chapter 428 of the Acts of 2006, the Registrar has promulgated regulations at 540 CMR 23.08 to require a "Performance Bond" to be filed and maintained by every driver education program required to be licensed by the provisions of M.G.L. Chapter 90, Section 32G (except such programs as are publicly funded), and by every driver skills development program required to be licensed by the provisions of M.G.L. Chapter 90, Section 32G 1/2. Performance bonds or surety bonds are issued by companies licensed to conduct business in Massachusetts by the Commissioner of Insurance. Contact your own insurance agent or look under "Bonds" in the Yellow Pages.

- Each licensee shall provide a performance bond, acceptable to the Registrar, in a form to be determined by her, in the amount of \$10,000 for a Driver Education Provider with one location; \$25,000 for a Driver Education Provider with up to three locations; and \$50,000 for a Driver Education Provider with more than three locations, which shall be held to provide reimbursement to students and/or parents in the event that the program ceases to function and fails to provide or complete the contracted for instruction.
- Beginning on April 1, 2007, any new applicant or applicant seeking a renewal of a license to conduct a driver education program and any new applicant seeking a license to conduct a driver skills development program, shall file and maintain such performance bond with the Registrar as a condition of licensure.
- Such performance bond shall be maintained in good standing and in the required amount during any period during which a license to provide driving instruction is held. If the Registrar is notified that a bond is in an amount that is less than required or that it has been cancelled, the Registrar shall provide written notice to the licensee concerning the requirement of the performance bond in the full amount and giving the licensee 30 days to come into compliance. A licensee who fails to come into compliance shall be suspended and may be subject to a civil penalty of up to \$5,000.
- The performance bond shall be issued by a commercial surety company that is authorized to issue performance bonds by the Commissioner of Insurance of the Commonwealth of Massachusetts and is in good standing with that authority. The bond shall be continuous in nature and the Registrar shall be the primary beneficiary acting on behalf of students and/or the parents.
- Questions concerning the performance bond should be referred to:

Driver Licensing Section 857-368-8110